
Amendments to Economy Related Laws in the DPRK (1) *(Summary)*

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The author has previously published translations and analyses of the foreign investment related laws of the

Democratic People's Republic of Korea (hereafter DPRK), which were revised between 1999 and 2000¹. Drastic

* 資料中、外貨管理法施行規定の翻訳にあたっては、ERINA調査研究部研究補助員・金鎮碩氏に大変お世話になった。紙面をお借りして御礼申し上げます。

economic measures aimed at improving the DPRK's economic management came into effect in July 2002. Under these measures, the prices of all commodities were revised and living allowances were raised. The view from Japan seems to be that these measures are the beginning of economic reforms in the DPRK. However, since the end of the 1990s, restructuring in the manufacturing sector, changes in methods of production and distribution in the agricultural sector, and changes in ways of managing enterprises have already taken place.

These changes have been reflected in alterations to the laws of the DPRK. One such change is the adoption of a comparatively aggressive posture with regard to legislation. The primary motivation for this change was the enforcement of important national policies. Thirteen laws were enacted between 1999 and 2003, not including foreign investment related laws. The development of laws can also be seen in amendments to laws and regulations that have already been enacted. According to a series of foreign investment related laws published in 2003 by the Committee for the Promotion of External Economic Cooperation of the DPRK, eleven foreign investment related laws and regulations have been amended since the same series of laws was issued in 2001. The characteristics of these revisions are as follows: (1) legislation has been passed in such important fields as the domestic economy, as well as in relation to foreign investment; (2) signs of attempts to conform with international standards can be seen; (3) some of the detailed regulations concerning foreign investment related laws have disappeared from the series of laws as a consequence of amendments in the late 1990s.

This article will deal with the Law of the DPRK on Foreign Exchange Control, the Regulation for the Implementation of the Law of the DPRK on Foreign Exchange Control and the Customs Law of the DPRK. These laws and regulations fall into the first category of the characteristics of the recent revisions outlined above.

1. The Law of the DPRK on Foreign Exchange Control and the Regulation for the Implementation of the Law of the DPRK on Foreign Exchange Control

The Law of the DPRK on Foreign Exchange Control was passed on January 31, 1993 and was revised on February 26, 1999. The latest revision was on February 21, 2002, about three years after the previous amendments. Because the amendments in 1999 only changed certain phrases with regard to organizational changes, due to the amendments to the constitution in 1998 and the change in the appellation of the Rajin-Sonbong Free Economic and Trade Zone to Rason Economic and Trade Zone, the revisions in 2002 were the first substantial alterations since 1993.

The revision in 2002 includes new provisions that: (1) allow more than one exchange rate; (2) protect the liquidity of foreign currency deposits; and (3) allow some state-

owned enterprises (SOEs) to utilize foreign currency as they wish provided that they fulfill their obligations regarding payments to the government. The amendments demonstrate the DPRK's will to improve upon the status quo and in this sense are highly praiseworthy. However, the DPRK's immediate neighbors—China, the ROK, Russia and Japan—have more favorable investment climates than the DPRK. From this perspective, a step-by-step amelioration of the DPRK's system is not particularly effective. The improvements achieved by the DPRK have also been achieved by neighboring economies in transition.

2. The Customs Law of the DPRK

The Customs Law of the DPRK was enacted in 1983 and revised in 1987, 1990, 1993, 1999 and 2001, with the latest revision being made on July 26, 2001. This law has five chapters and fifty-one articles. Chapters 1-5 stipulate the general provisions, customs formalities, customs inspections, customs duties, and sanctions and petitions respectively.

Revised just a year and a half after the previous amendment, this law has clear-cut rules on customs inspections of items of international mail and the personal effects of individual citizens. The language used in the legislation has become clearer and more substantial. From the perspective of legislative techniques, the language used in this law is more suited to an administrative law. The change is related to the expansion of international trade, especially that with China. One of the main problems left unchanged is the fact that the DPRK has not yet disclosed its customs tariff table, even though this is one of the basic requirements for promoting foreign investment. Accordingly, the government of the DPRK should take swift action to remedy this.

The laws and regulations explained in this article apply to the use of foreign currency by and involvement in international trade on the part of state-owned enterprises as well as foreign-invested enterprises. Social changes have gradually affected trends in legislation, with changes to laws becoming apparent a few years after these social phenomena occur. If economic reform in the DPRK continues at this pace, major changes will be made, mainly to laws concerning the economy. Considering the scale of the DPRK's economic reforms, the transformation of these laws could require some revisions to be made to economy-related clauses of the constitution.

¹ See Mitsuhiro Mimura, *Recent Amendments to Foreign Investment Related Laws in the DPRK (1)–(7)*, ERINA REPORT Vols. 48-54.